TFSA Investors: Lock-in This Stock With 70% Gains This Year!

Description

If you've looked at the share price for this company recently, you would be very excited! Its share price has been increasing since the beginning of the year and it makes an excellent example of an upward sloping line (as my statistics professor would say).

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The company is in the commercial real estate business and provides solutions such as advisory services, software and data solutions. It has a multinational footprint with 75 offices globally, 56000 customers and 2500 employees.

The company I am referring to is **Altus** (TSX:AIF). With its acquisition growth strategy and high asset to liability ratio, it's a good investment.

Acquisition growth strategy

In July 2019, the company announced that it had acquired One11 Advisors, a real estate software consulting firm. One11 Advisors is based in the United States and provides integrated advisory and managed services for real estate organizations' strategies, processes and technology.

This acquisition is beneficial for Altus, as it strengthens its position in the commercial real estate industry, enabling it to offer clients a larger suite of services.

This acquisition comes several years after the company acquired SC&H Group Inc.'s State and Local Tax practice that provides tax advice in the United States. This strengthens Altus' tax advisory operations in the United States while adding to its geographic presence in Canada, the U.S. and the U.K.

Investors should be thrilled with the company's acquisition growth strategy, as it indicates that the company has an ambitious expansion plan. Investors who put money into Altus are poised to benefit immensely in the future.

High asset to liability ratio

The company reported assets of $658 million in fiscal 2018 compared to liabilities of $300 million, giving the company an asset to liability ratio of 2.19:1.

Having a high asset to liability ratio is beneficial for investors, as it means the company has enough money to service its liabilities plus additional assets that it can dedicate to growing the business.

For Altus, having a high asset to liability ratio is a strong indication that it's a good investment as acquisitions typically drain cash and add to liabilities.

Given that Altus has twice as many assets compared to liabilities despite an acquisition-centric growth model, it's not likely to face any financial challenges in raising additional funds for future growth.

Summary

Altus's share price has increased 71% since the beginning of the year compared to the 16% increase experienced by the **S&P/TSX Composite Index.**

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Altus' current and future success boils down to two main features of the company.

First, it's engaged in an acquisition growth strategy. In the past five years, the company has made two strategic acquisitions, which expanded its suite of services and increased the regions it serves.

Second, the company has a high asset to liability ratio. Given that Altus specializes in acquisitions, having a high asset to liability ratio gives the company unencumbered access to additional funds to finance future acquisitions.

Ultimately, the company's strategic acquisitions and its high asset to liability ratio puts it in a position where it can deliver superior returns to investors in the near future. Those looking to diversify a portfolio with a tech stock should seriously consider Altus.

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